Investigating the Merchandise Returns in Women's Western Wear Category in Online Fashion Retailing

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ABSTRACT

Online shopping in India has become increasingly popular over the years due to the convenience, variety of products, and attractive discounts offered by e-commerce websites. However, product return in online fashion shopping is a common occurrence. Pertain to customers returning purchased fashion items due to reasons such as incorrect size, colour, style, or unmet expectations. Such returns are prevalent in the fashion e-commerce industry, with research showing that return rates for online fashion purchases are high. These returns can be expensive for online retailers due to return shipping costs, restocking expenses, and the potential loss of revenue. The study was mainly conducted using the secondary data which were collected from an online fashion retailing brand. Non-probabilistic stratified sampling technique was used. The sales data for women western wear category was collected for a period of six months from July 2022 to December 2022. From the data, month wise total returns, category wise total returns and reason for returns were analysed using simple percentage method. Based on the findings managerial implications have been recommended for the online fashion retailers.

Keywords: Merchandise Returns; Online; Fashion Retailing; Women's Category; Western Wear; Apparel; Reasons; Month Wise; Category Wise.

1. Introduction

Online shopping in India has become increasingly popular over the years due to the convenience, variety of products, and attractive discounts offered by e-commerce websites (Jain et al., 2018; Kumar and Gupta, 2017). Additionally, internet usage patterns, including addiction, show variation based on gender (Anand et al., 2018). The Coronavirus Disease 2019 (COVID-19) pandemic further accelerated the growth of e-commerce in areas such as e-pharmacies, online groceries, social commerce, vernacular platforms, hyperlocal and fast deliveries, and festive season sales (Susmitha, 2021). Online shoppers are generally more affluent than their offline counterparts (Rajaretnam & Sheth, 2017). Customer demographics significantly influence the landscape of retail e-commerce. According to Kumar & Kanchan (2019), the largest segment of internet users in India falls within the age group of 20 to 29 years (34%), followed by those aged 30 to 39 years (20%).

However, product return in online fashion shopping is a common occurrence (Sahoo et al., 2018) and businesses need to have clear policies and procedures in place to handle them effectively (Abbey et al., 2018). In India, the return rate for the fashion segment is higher, one in every four items is returned (Ganguly, 2016). Studies suggests that around 25% - 40% of clothes sold online are returned, which is one-third more than the apparel return rate in the United States.

Returns are a major factor affecting in the sales of women's western wear category in online fashion retailing. This could occur due to various reasons. Pertain to customers returning purchased fashion items due to reasons such as incorrect size, colour, style, or unmet expectations. Such returns are prevalent in the fashion e-commerce industry, with research showing that return rates for online fashion purchases are high (Lohse et al., 2017). These returns can be expensive for online retailers due to return shipping costs, restocking expenses, and the potential loss of revenue.

Online retailers can reduce the impact of merchandise returns by implementing various strategies, such as providing comprehensive product descriptions and sizing charts, offering free returns and exchanges, and enhancing the overall customer experience (Martin et al., 2016). These tactics can help to decrease the number of returns, leading to a rise in customer satisfaction, loyalty, and repeat business. With the opportunity to purchase anything in a matter of seconds, the idea of exploring among folded clothes in a store for your size or the colour you want is a thing of the past. Customers don't hesitate to buy things they're not sure about, present stuff the recipient doesn't like, buy a pair of trousers that don't fit well, or even obtain the wrong lipstick colour owing to a mistake (Kar et al., 2021).

The aim of the paper is to study merchandise returns in western women's wear category in online fashion retailing. The interpretation of the findings would draw conclusion on the merchandise returns and insights and recommendations can help the businesses to improve customer satisfaction and retention.

1.1. Study Objectives

The objectives of the study are as follows:

(1) To study the impact of merchandise returns in online fashion retailing with reference to women's western wear category. (2) To study the overall month wise merchandise returns in the women's western wear category. (3) To study the category wise merchandise returns in the women's western wear category. (4) To study the reasons for merchandise returns in the women's western wear category. (5) To provide insights and recommendation to the online fashion retailers in women's western wear category.

2. Literature Review

Pei & Paswan (2018) in their study aims to better understand consumers' online return behaviours. They divided consumers' return behaviour into legitimate return behaviours and opportunistic return behaviours. Some factors such as impulsiveness, desire for uniqueness, product compatibility, perceived risk and social influence contribute to legitimate return behaviours and other factors such as immorality, self-monitoring, and social influence contribute to opportunistic return behaviours. The findings of the study imply that legitimate return behaviours might promote customer loyalty, but opportunistic return behaviours lower consumer loyalty.

A study conducted by Alreck et al. (2009) highlights that online retailers promote both time efficiency and the ability to complete more tasks in a shorter period. However, the study also indicates that time-constrained consumers tend to avoid websites requiring a substantial initial time investment, such as those with complex, multi-option landing pages or those demanding immediate registration involving the submission of personal information. This finding suggests that initial web pages should be clean, simple, and easy to navigate, with registration processes introduced only after establishing user engagement. Time-pressured respondents highly valued quick and cost-effective delivery, along with flexible and generous return policies. The results further reveal that online retailers who focus on both saving time and enabling the completion of multiple tasks are more successful in attracting customers compared to those who emphasize only one of these benefits. These time-sensitive consumers express dissatisfaction with delays in delivery and often question the suitability of the purchased products. They prefer liberal return policies that allow for the return of items without added costs.

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Product returns remain a critical aspect of online shopping that requires further examination. The measures taken by online retailers in managing product returns can significantly influence the future purchasing behaviour of customers. Alreck et al. (2009) emphasize that online retailers aim to offer convenience through time savings and efficient multitasking. Time-constrained respondents especially appreciated accessible return policies and low-cost, expedited delivery services. The findings indicate that individuals with limited time perceive delayed deliveries negatively and are often sceptical about the quality and appropriateness of delivered products. Such consumers are inclined to favour return policies that are accommodating and allow for returns without complications or extra charges.

The study titled "The customer consequences of returns in online retailing: An empirical analysis" by Griffis, Rao, Goldsby, and Niranjan (2012) explores the relationship between customer experiences with product returns and their future shopping behaviour. The return management process is shown to have a positive impact on repurchase behaviour. The study draws upon transaction cost theory, consumer risk theory, and procedural justice theory to understand this dynamic. In another study aimed at better understanding consumer behaviour regarding online returns, Pei & Paswan (2018) classified return behaviour into two categories: legitimate and opportunistic. Their findings revealed that while legitimate return behaviour can foster stronger customer loyalty, opportunistic return behaviour may lead to negative consequences. Additionally, research by Tzeng, Ertz, Jo, and Sarigollu (2020) investigates the various elements that affect customer satisfaction in the context of online shopping events. Their study emphasizes the role of retail service components in shaping consumer satisfaction. The results show that product returns generally have an adverse effect on customer satisfaction. Nevertheless, the presence of efficient after-sales services can streamline the return process and improve overall satisfaction levels.

Several studies have been conducted on the customers' purchase returns online with regard to price perception, attribute-level performance, and satisfaction unfolding over time (Jiang & Rosenbloom, 2005), and effect of expectation and disconfirmation on postexposure product evaluations (Oliver, 1977).

3. Research Methodology

This study follows Quantitative research and descriptive in nature. The study was mainly conducted using the secondary data which were collected from an online fashion retailing brand. Non-probabilistic stratified sampling technique was used. The sales data for women western wear category was collected for a period of six months from July 2022 to December 2022. From the data, month wise total returns, category wise total returns and reason for returns were analysed using simple percentage method.

4. Data Analysis

4.1. Merchandise Returns

Product returns in women's western wear category of an online fashion brand for past six months from July 2022 to December 2022 is studied in detail.

4.1.1. Month Wise Total Returns

Table 1 and Figure 1 give the details of month wise total returns from July to December.

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Table 1. Month wise returns

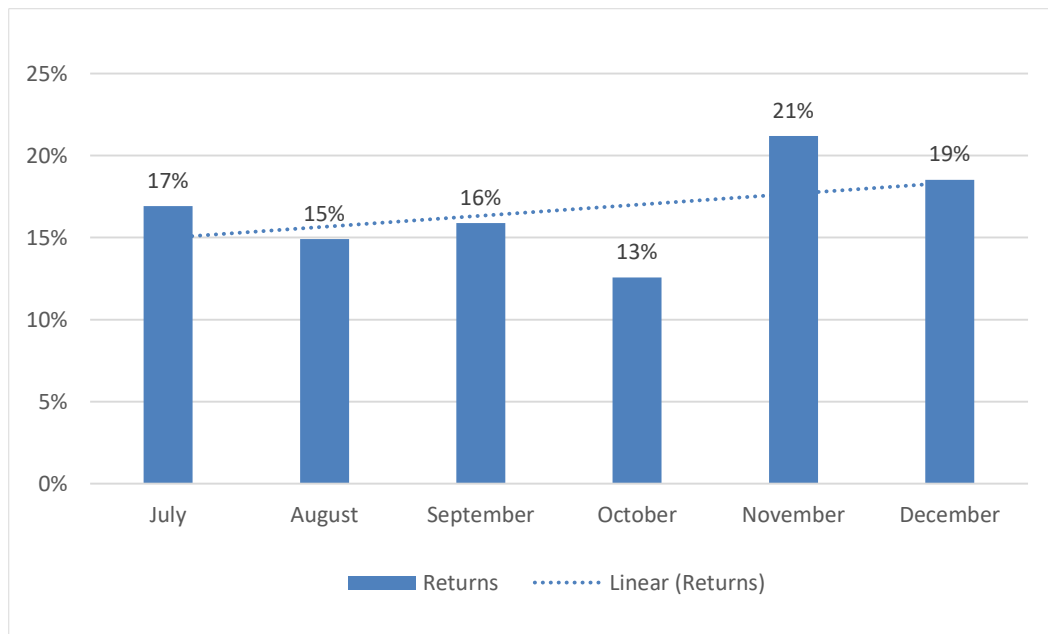| Month	Total Quantity	Return Quantity	Percentage
July	261612	44474	17%
August	260987	39148	15%
September	260913	41746	16%
October	253792	32993	13%
November	265157	55683	21%
December	256147	48668	19%
Total	262712	262712	100%

SOURCE: Secondary Data.

Figure 1. Month wise returns

The above table 1, it is inferred that the total return quantity and percentage for six months. It is noted that November month is having highest number of returns whereas, October has comparatively lower number of returns.

4.1.2. Category Wise Returns

Table 2 and Figure 2 give the details of category wise returns from July to December.

Table 2. Category wise returns- Percentage per Month (July – December'22)

Category	Jul	Aug	Sept	Oct	Nov	Dec
Dresses	31.94	34.11	32.96	33.13	29.26	31.4
Top wear	31.17	30.45	32.12	31.9	33.49	31.34
Western Bottoms	9.68	8.70	8.45	7.93	8.15	7.18
Jeans	9.08	7.85	9.8	9.61	10.3	10.33
T-Shirts	6.12	6.60	5.4	3.9	3.22	2.64

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Jumpsuits	4	4.10	3.55	3.62	2.93	2.74
Coats & Jackets	2.91	2.82	2.71	4.19	7.1	8.80
Skirts	2.25	2.30	2.02	2.43	2.01	2.13
Sets	2.04	2.40	2.26	2.38	2.31	2.39
Jeggings	0.52	0.45	0.43	0.52	0.55	0.55
Shirts	0.23	0.17	0.15	0.11	0.14	0.13
Sweaters & Cardigans	0.06	0.03	0.13	0.25	0.5	0.36
Tops & Tunics	0.01	0	0	0.01	0	0
Sweatshirts	0	0.01	0.01	0.02	0.02	0.01
Shawls, Stoles & Scarf	0	0	0	0.01	0.01	0

SOURCE: Secondary Data.

From the above table 2, it is noted that Dresses and Top wear are the categories having highest returns from July to December though it has high sales.
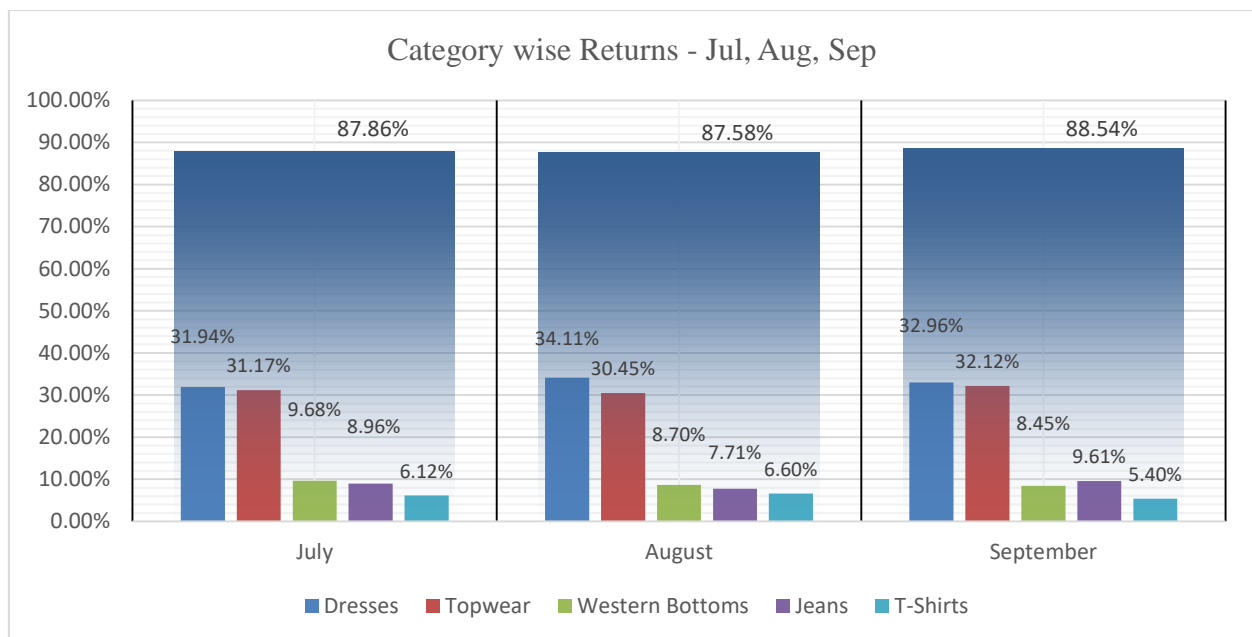

Figure 2. Category wise returns – July, August, September

SOURCE: Secondary Data

The above figure 2 depicts Category wise returns for the months July, August and September. Top five product categories having high returns in these months are Dresses, Top wear, Western bottoms, Jeans and T-shirts. These categories itself account to 87.86%, 87.58% and 88.54% of the total returns compared to other categories in the months July, August and September.

Figure 3 depicts Category wise returns for the months October, November and December. Top five product categories having high returns in these months are Dresses, Top wear, Jeans, Western bottoms and Coats & Jackets.

These categories itself account to 86.58%, 88.07% and 88.80% of the total returns compared to other categories in the months October, November and December.
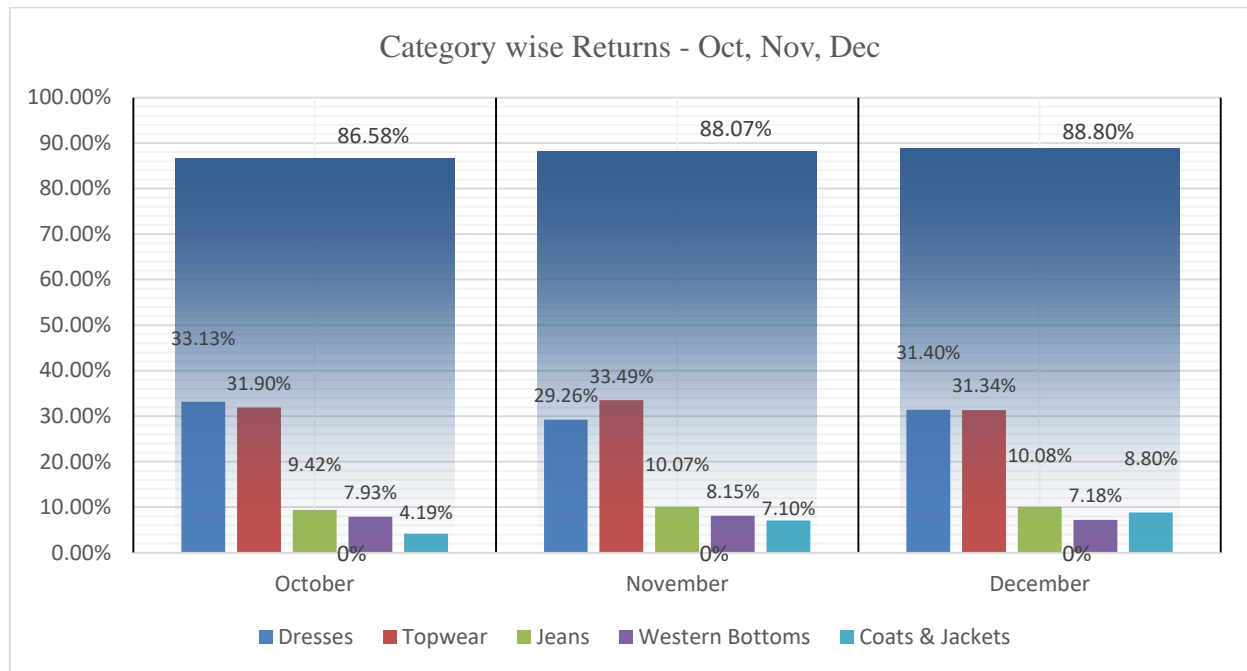

Figure 3. Category wise returns – October, November, December

SOURCE: Secondary Data

4.1.3. Reason for Return

Table 3. Reasons for returns

| Reasons	Jul	Aug	Sept	Oct	Nov	Dec
Change of mind - Don't need it anymore	2.94	3.35	3.62	3.91	3.11	3.19
Change of mind - Ordered by mistake	0	0.01	0.01	0.01	0.01	0.01
Damaged/ defective	1.71	1.74	1.71	1.75	1.97	1.89
Didn't like the product/colour	37.20	36.14	36.02	37.27	37.42	36.94
Didn't like the quality	8.63	8.61	8.30	7.90	8.47	8.38
Missing item	0	0.12	0.01	0.04	0.04	0.02
Product not as per website	3	2.89	2.71	3.29	3.34	3.51
Size correct but the product didn't fit – too large	15.85	14.91	16.95	15.62	17.08	16.44
Size correct but the product didn't fit – too small	28.53	30.08	28.65	27.28	25.31	26.56
Wrong product/ size sent	2.10	2.09	1.95	2.9	3.19	2.99
Others	0.04	0.08	0.07	0.04	0.05	0.06
Total	100	100	100	100	100	100

SOURCE: Secondary Data.
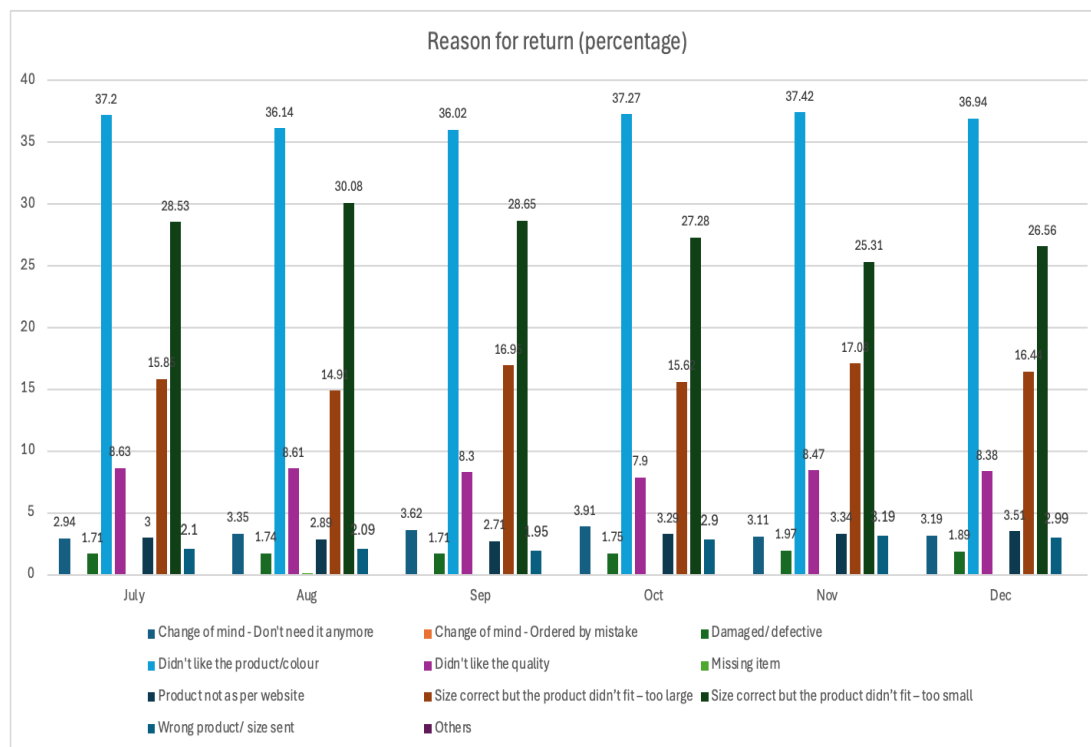
Figure 4. Reasons for returns

From the above table 3 and Figure 4, it is noted that the reason with high returns is 'Didn't like the product/ colour', followed by 'Size correct but the product didn't fit – too small' and 'Size correct but the product didn't fit – too large'.

5. Findings and Discussions

It is noted that November is having highest number of returns whereas, October has comparatively lower number of returns. Top five product categories having high returns in July, August and September months are Dresses, Top wear, Western bottoms, Jeans and T-shirts. Top five product categories having high returns in October, November and December months are Dresses, Top wear, Jeans, Western bottoms and Coats & Jackets. So it seems that Dresses, Top wear, Jeans, Western bottoms, jeans product categories have high returns in six months.

To reduce the number of product returns, businesses should address the root causes of the returns. When a customer returns a product, they may already be dissatisfied with their purchase. This can only be improved by the way in which the return is handled. If the return process is simple, hassle-free, and accompanied by a clear explanation, it can actually increase customer satisfaction by demonstrating that the company values their satisfaction and is willing to make things right. However, if the return process is complicated, requires a lot of effort on the customer's part, or is accompanied by unhelpful customer service, it can leave a negative impression. A hassle-free return process can actually increase a customer's chance of repurchasing from the company in the future since it reflects that the company is reliable and cares about customer satisfaction. This would help to improve the overall customer experience and lead to improving sales for women's western wear category in online Fashion retailing.

In addition, online retailers can leverage technology solutions, such as virtual try-on and augmented reality, to provide customers with a more accurate representation of how a garment will fit and look, decreasing the likelihood

of returns due to sizing or style issues. In conclusion, merchandise returns are a common obstacle for online fashion retailers. To mitigate the effects of returns, online retailers can employ different strategies, including supplying detailed product descriptions and sizing charts, offering free returns and exchanges, enhancing the overall customer experience, and adopting technology solutions.

The online retailers can use high quality multiple images with 'zoom' and 360° view options in different lighting and angles to accurately represent the apparel products. A disclaimer on potential colour variations due to screen differences can be added as on option in the product description. The products can be displayed in different skin tones so that consumers with different skin tones can select their apparel accordingly. Online retailers can include the option of Video try-ons or 3 D previews in their websites so that the consumers can try the fit and look virtually, particularly for the categories like dresses, Jeans, Coats & Jackets etc. For categories like tops, jeans, dresses, virtual fitting room tools can allow users to try garments on an avatar based on their measurements.

Online retailers should give detailed size charts with various body measurements like bust, waist, hip, shoulder etc., and a guide note which tells the consumer how to measure the various body measurements. This would minimise the errors in the body measurements and the chances of the fit accuracy increases which reduces the product returns. Further, the website can include AI-based size recommendation tools based on the consumers' purchase history and reviews. The ecommerce site should include the feature of getting fit ratings feedback from the past customers like the reason with high returns is 'Didn't like the product/ colour', followed by 'Size correct but the product didn't fit – too small' and 'Size correct but the product didn't fit – too large'.

For the apparel categories which rank top on product returns, strict quality control measures related to stitching, fabric quality, etc. to be implemented. Based on the consumer feedback, evaluation and redesigning of poor-fitting patterns should be done.

Online retailers should continue to capture the reasons for product returns and tag them to SKU's for data driven design/fabric updates. Small coupons can be given to customers to encourage them to provide detailed feedback. Based on user's past purchase & return behaviour, tweak recommendations to avoid suggesting products likely to be returned. Styling advice and size suitability for different body types like 'ideal for….' notes (e.g. petite, curvy etc.) may be included in the website. Online apparel retailers should regularly measure the return rate per category post-implementation and refine based on which strategy yields the best results.

6. Conclusion

The e-commerce industry is undergoing rapid transformations worldwide. To remain competitive and relevant, online retailers must stay abreast of the latest trends in e-commerce and continuously adapt to meet the ever-changing demands of consumers. The study would provide an insight on various online variables such as website/ app usability, information availability, price, delivery and quality influences on customer satisfaction. It also investigates the relation between customer satisfaction, merchandise returns and repurchase intention. The results would help in suggesting various steps in improving overall customer experience and sales. Customer satisfaction would lead to greater customer retention, and thereby customer being loyal to the brand. The word of mouth of loyal customers would in turn help in acquiring new customers and improve the sales. The study will

provide insights to marketers in terms of how to cater into specific group of customers and formulate various strategies for each group. Since, e-commerce is being popular, it is important to understand each factor included so that it can be improved in order to stand away from competitors. So, the study will provide insights on these for researchers. Latest studies in the fields of e-commerce would also help academicians in identifying new areas of study.

7. Future Recommendations

In future, the following suggestions can be carried out based on this study:

(1) The study may be conducted in the other apparel categories like men's wear western category, kids wear category, etc. (2) The study may be carried out in the other online retail products like mobile phones, laptops, etc. (3) Several other factors like payment options, delivery options may be included in the future studies. (4) This study may be carried out in comparing the reasons for merchandise returns other similar countries like Singapore, Malaysia etc.

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